



AGENDA
LOCAL OPTION REVIEW TEAM

Tuesday, July 31, 2018
8:15 a.m.

Fremont Municipal Building
400 East Military Avenue
Fremont, Nebraska

1. Call to Order
2. Approval of minutes from July 23, 2018 meeting.
3. Review Fund Balance.
4. Consider Local Option Economic Development Application for Pearl Academy.
5. Adjourn.

This agenda was posted at the Municipal Building on July 25, 2018 and was distributed to the members of the Local Option Review Team on July 25, 2018. The official current copy is available at City Hall, 400 East Military Avenue. A copy of the Open Meeting Law is posted for review by the public.

**CITY OF FREMONT LOCAL OPTION REVIEW TEAM
JULY 23, 2018 – 12:00 P.M.**

A meeting of the Local Option Review Team was held on July 23, 2018 at 12:00 p.m. in the 2nd Floor Conference Room at 400 East Military Avenue, Fremont, Nebraska. The meeting was preceded by publicized notice in the Fremont Tribune and the agenda displayed in the Municipal Building. The meeting was open to the public. A continually current copy of the agenda was available for public inspection at the office of the City Administrator, 400 East Military Avenue. The agenda was distributed to the Local Option Review Team on July 18, 2018 and posted, along with the supporting documents, on the City's website. A copy of the open meeting law is posted continually for public inspection.

ROLL CALL

Roll call showed Members George, Landholm, Benson, and Vobejda present. Horeis, Jacobus, and Oliva absent. 4 present, 3 absent. Others in attendance included Jody Sanders, Finance Dir.; Garry Clark, Greater Fremont Development Council; Lottie Mitchell, City of Fremont; Myra Katherine Hale and Mike Pruss, Pearl Academy; and Steve Wagner and Chad Miller, Expedition League.

APPROVE MINUTES

Moved by Member Landholm and seconded by Member Benson to approve the minutes of the April 20, 2018 meeting. Motion carried 4-0.

REVIEW FUND BALANCE

Mitchell reviewed fund balance. No motion received.

CONSIDER LOCAL OPTION ECONOMIC DEVELOPMENT APPLICATION FOR PEARL ACADEMY.

Benson stated needed to abstain. Moved by Member Landholm and seconded by Member Vobejda to continue item to next meeting. Motion carried 3-0 with Benson abstaining.

CONSIDER LOCAL OPTION ECONOMIC DEVELOPMENT APPLICATION FOR EXPEDITION LEAGUE, INC.

Wagner gave overview of application and league. Moved by Member Vobejda and seconded by Member Benson to approve the application of Expedition League, Inc. Motion carried 4-0.

ADJOURNMENT

Moved by Member Landholm and seconded by Member Benson to adjourn at 1:15 p.m. Motion carried 4-0.



Date: July 9, 2018

Dear Sir or Madame:

RE: LB840 Loan Fund Proposal

The owners of Pearl Academy, Inc propose the following terms to participate in the LB840 Loan Fund program:

Amount of loan	\$71,121
Length of loan	5 years
Interest rate	2.0%

Additional terms:

- (1) The first payment will be due the first day of the seventh (7) month from the date of the loan.
- (2) \$35,561 of the loan is forgiven after 12 months of operation. Amortization schedule is revised to reflect new principal balance.

Thank you for your consideration.

A blue ink signature of Myra Katherine Hale, written in a cursive style.

Myra Katherine Hale

A blue ink signature of Michael Pruss, written in a cursive style.

Michael Pruss

**CITY OF FREMONT, NEBRASKA
REQUEST FOR ASSISTANCE AGREEMENT**

THIS REQUEST, is made on this 2nd day of July, 2018, by _____
Myra Katherine Hale and Michael B. Pruss, of Pearl Academy

_____ (hereinafter referred to as the
("Applicant") to the City of Fremont, Nebraska (hereinafter referred to as the "City").

WITNESSETH:

WHEREAS, APPLICANT has requested the CITY to investigate the feasibility of obtaining an Local Option Development Plan Loan or Economic Enhancement Loan in connection with the financing of a project to be undertaken by Applicant.

NOW, THEREFORE, in consideration of the request the following may be done:

1. City agrees to work with the Applicant to investigate the feasibility of obtaining financing through a Local Option Development Plan Loan or Economic Enhancement Loan for the Project. City will investigate the financial condition of Applicant and determine whether or not a Local Option Development Plan Loan Application or Economic Enhancement Loan Application is appropriate. City will submit the needed paperwork for a Local Option Development Plan Loan or Economic Enhancement Loan for the Applicant to the appropriate committees and City Council, if:

- a. Applicant is within the eligibility criteria and the Project is likely to be approved by the City Council for an Local Option Development Plan Loan or Economic Enhancement Loan, and;
- b. All other elements of the Project can be financed and /or paid for through the infusion of equity capital by the Applicant.

2. If the City determines, in its sole discretion, that the Applicant is eligible for a Local Option Development Plan Loan or Economic Enhancement Loan, then, and in such event, City will advise and consult with the Applicant in the preparation by the Applicant for a complete set of Loan documents together with supporting exhibits, for the purpose of making applications for an Local Option Development Plan Loan or Economic Enhancement Loan (hereinafter referred to as the "Loan Package"). The Loan Package shall be for the sole benefit of the Applicant provided however, that such Loan Package shall be used by the City in connection with the Application for a City Loan on behalf of the Applicant, provided, however, that the Loan Package may be used by the Applicant in seeking financial assistance or guarantees from other governmental agencies and/or private lenders.

3. Applicant hereby acknowledges that the Applicant is charged with the actual responsibility of preparing the Loan Package, and that the City's sole responsibility in connection with the preparation of the Loan Package shall be to consult with and advise the Applicant. The Applicant further acknowledges that the Applicant will be required to promptly and accurately supply financial information concerning the Project, the operation of Project, together with the manner, method and terms of financing the Project. Applicant further specifically acknowledges and agrees that the obtaining of a Local Option Development Plan Loan or Economic Enhancement Loan, or any other financing is dependent upon many factors that the City cannot control, including but not limited to economic factors and the decisions of the City Council, accordingly, the City does not guarantee that the Applicant will obtain financing for the Project. Applicant hereby covenants and agrees that City shall not be responsible, in any manner, or liable to the Applicant or any other person in the event that the Applicant is unable to obtain a Local Option

Development Plan Loan or Economic Enhancement Loan for the Project, or any other type of financing for the Project, whether from the City or any other governmental or public source, or from any private financing sources. Applicant also further covenants and agrees that the City shall not be liable for any of the debts or obligations incurred in and for the assistance of benefit of the Applicant. Applicant further agrees that Applicant will hold the City harmless, and pay all costs and expenses, including attorney's fees, in the event that any claim is made or lawsuit is filed by or against the City arising out of any transaction with or assistance to the Applicant which may in any way be connected with the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed, caused to be duly executed this Agreement, and have affixed or caused to be duly affixed hereto there seals, this 2nd day of July, 2018.

APPLICANT

BY: Myra Katherine Hale

FREMONT

NEBRASKA PATHFINDERS

Economic Enhancement Fund and Local Option Economic Development Loan Fund Application (Application is an Official Public Document)

PART I.

A. Business (Borrower) Information:

Name of Business to Receive Assistance: Pearl Academy

Address: 1950 East 5th Street

Fremont NE 68025
City State Zip

Contact Person: Myra Katherine Hale Telephone No. (402) 720-1257 FAX No. (402) N/A

Business Classification (mark one): ☐ Manufacturing ☐ Warehousing and Distribution
☒ Service ☐ Research and Development
☐ Administrative Management Headquarters

Federal ID #: 83-0731011

Business Organization (mark one): ☐ Proprietorship ☒ Corporation ☐ Partnership ☐ Other

Does the Company have a Parent or Subsidiaries? ☐ Yes ☒ No

If Yes, Identify Name: _____

Address: _____

City State Zip

Business Type: ☒ Start-up (0-5 yrs old) ☐ Buyout ☐ Existing If existing, years in Business _____

Ownership Identification: *List all officers, directors, partners, owner, co-owners and all stockholders with 20% or more of the stock.*

Name	Title	Ownership %
<u>Michael B. Pruss</u>	<u>Partner</u>	<u>50 %</u>
<u>Myra Katherine Hale</u>	<u>Partner</u>	<u>50 %</u>
_____	_____	_____
_____	_____	_____

Employment Information

Personnel: **(Full-Time-Equivalent, FTE is based upon 2,080 hours per year.)**

Existing Number of Full-Time Equivalent Positions: One (1), Director/Owner

Full-Time-Equivalent Positions to be **Created** within 3 months of Application Approval: 7-10

If Jobs Would Be Lost Without Loan Approval, Total Number of Full-Time-Equivalent Jobs **Retained**: No jobs will be lost.

What is the Average Wage for Employees? Please see attached.

Please describe all benefits which the business provides to employees:

Training and continuing education opportunities. 5 days paid vacation after a year of work. An employee must work for one year before earning paid vacation. An employee's first "year" will begin on his/her 1st anniversary of employment date. After the first year, employees are eligible for one week of paid vacation. After 18 month, they are eligible for one-week, un-paid vacation. 2 paid sick days. Gym membership to Club Fitness 27:17. Full-time staff will receive the following paid holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. If they choose to work those holidays, they will receive a \$3/hr holiday bonus.

B. Project Information

USES OF FUNDS:	Total Project Cost	Loan Funds Requested	Total Funds
Land Acquisition	0	0	0
Building Acquisition	0	0	0
Renovation	250	250	250
New Facility Construction	0	0	0
Acquisition of Machinery/Equipment	7,172	7,172	7,172
Acquisition of Furniture/Fixtures	28,779	28,779	28,779
Working Capital (Includes Inventory)	34,420	34,420	34,420
Other (Specify)	1,500 (security)	1,500	1,500
Total:	71,121	71,121	71,121

Project Schedule:

We have signed a lease and are currently setting up the childcare center. We've hired two teachers and are seeking 5 more. We would love to be operational by mid-August but publicly have set a start date for Tuesday, September 5th.

C. SOURCES OF FUNDS:

Note: Public sources of financing require the participation of a Bank and/or an injection of equity (non-debt) funds.

Participating Lender Information: At this time we do not have a lending institution. If the City of Fremont denies our loan, we will look into lending institutions. We have applied for a start-up grant through the state that has yet to be awarded. Total funds requested: \$10,000.

Name of Lending Institution: _____
 Address: _____
 Contact Person: _____ Phone (____) _____
 Loan Amount: \$ _____ Loan Term: (Yrs) _____
 Interest Rate: _____ % _____ Variable _____ Fixed
 Collateral Required: _____ Equity Required: _____

Equity Information: Owners have invested \$4,000 into Pearl Academy thus far. Additionally, we are investing in a full-time employee at \$27,040 for our other business, Club Fitness 27:17. This is part of our investment to ensure the success of Pearl Academy.

Amount available from business or owners for investment: \$ 4,000
 Source of owner's equity into project: Cash _____

Project Location:

- ☒ Within the City Limits of (Fremont)
☐ Outside of City Limits but within the Zoning Jurisdiction of (Fremont)
☐ Unincorporated Area (Dodge County)

D. ATTACH THE FOLLOWING: (Items 8-13 shall be considered confidential)

- (1) Brief description of the business' history.

Please see attached.

- (2) Brief description of the proposed project. Has any part of this project been started? ☒ Yes ☐ No

Please see attached.

- (3) Description of Impact of Project on Applicant and Community:

Please see attached.

- (4) Have you ever declared bankruptcy? ☐ No ☒ Yes If yes, Bankruptcy Chapter _____

Case # _____ Date of Deposition/Discharge _____

- (5) Are there any unsatisfied judgments against you? ☒ No ☐ Yes

Amount per month _____ To Whom _____

- (6) Have you defaulted on any previous loan? ☒ No ☐ Yes Give details _____

- (7) Are you a party to a lawsuit? ☒ No ☐ Yes Give details _____

- (8) ☒ 3-Year historical balance sheets and operating statements. Current statements less than 90 days old. (Existing Businesses Only). Provide the following and reconcile to current balance sheet:

_____ Aging of Accounts Payable and Accounts Receivable.

_____ List of current obligations.

- (9) ☒ Personal Financial Statement and resumes for each person owning 20% or more of the business.

- (10) ☒ Credit Report from Credit Reporting Agency. Contact your bank for information.

- (11) ☒ Monthly cash flow analysis for the next 12 months and for new businesses, 3 months beyond the breakeven point.

- (12) ☒ Indemnification Agreement

- (13) ☒ Tax Returns for the last two years

Once all documents have been received, the City of Fremont staff will review the application to determine if it meets the Local Option Economic Development Plan Fund or Economic Enhancement Loan Fund eligibility requirements. If eligible, a meeting will be scheduled with you.

The above information is accurate to the best of my knowledge and belief. The above information is provided to help you evaluate the feasibility of obtaining public financial assistance. I understand that pages 1-3 of this application are public information and are subject to public disclosure during the application process.

Dated: July 2, 2018 Signature: Myra Katherine Hale

Staff Positions and Wages

- 1 Full-time Director - \$33,333 annually
- 2 Full-time Infant Teachers - \$10 hourly
- 5 Full-time Toddler/Preschool Teachers - \$10 hourly
- (not included in overall budget) 3-5 Part-time Employees (we've hired 2 midland students) \$9 hourly
- Overnight staff as needed \$13 hourly

In addition to the above jobs created, we have hired a full-time manager for our existing business, Club Fitness 27:17 to replace Myra Katherine as head trainer. Manager will have a base wage of \$13/hour with the opportunity for commission, which could be \$20/hour or higher.



Business Plan

July 6, 2018

Executive Summary

Pear Academy Inc is a start-up organization that provides child care services to Fremont, NE and surrounding communities. This mid-sized child care facility serves children from three months to ten years of age. Their services are safe and secure, providing the parents with an excellent place where their children can be taken care of.

The Market

The child care market is under served in the Fremont area. There are eight different facilities. There are five church-affiliated facilities, the YMCA, and two privately owned facilities. There are approximately 25 in-home day cares in the Fremont area. The largest facilities can host up to 88 children and offers a subsidized child care program.

As mentioned earlier, the market is quite competitive. Pearl Academy will employ the following strategies to differentiate themselves.

1. *Hours of operations – we offer 24-hour child care.* Our main hours will be from 5:30 am to 6:30 pm whereas the competition offers child care from 6:00 am to 6:00 pm. Pearl Academy will provide 5 additional hours child care for working families. We will offer part-time and flexible care hours.
2. *Spanish Immersion program.* We begin bilingual teaching early because the special language learning ability of children decreases with age. The earlier they become immersed in a second language, the easier they will adopt it and remember it. **Our Environment Works.** The natural approach of our childcare setting reduces anxiety and stimulates learning. Children are encouraged to learn through their play, and we foster a fun, yet structured, learning environment. **Cultural Exposure.** Childhood is the best time for cultural understanding. Our children not only learn a language, but the ideas of other cultures. This broadens their ideas and adds depth to their learning. **Lifelong Language Capacity.** With the language foundation we provide at Pearl Academy, our children are poised to continue and grow their language skills. Their increased language base can increase their overall success in school and even in learning other languages.
3. All children will be provided age-appropriate music lessons, like KinderMusik.

The Customers

Pearl Academy will be concentrating on the following customers:

1. Young professionals
2. CNAs, Nurses, and other professionals with differing hours
3. Single-parent households
4. Low-income families
5. Children with special needs

We are committed to taking all children within our capabilities.

Pearl Academy's marketing plan to recruit new clients will be to make ourselves visible in the community, continuing membership with the Fremont Chamber, visiting hospitals, pediatric offices, etc. so that health-care professionals will be able to make confident referrals, hosting open-houses, visiting current facilities with waiting lists, social media and offering the highest quality care possible so that the best marketing strategy of all – word of mouth – works in our favor.

Team

Myra Katherine Hale, Director of Pearl Academy, has been teaching children for over 20 years. With a master's Degree in Music Education from the University of Nebraska at Lincoln, she has developed a philosophy that is child-centered - and most importantly, one that works.

She faithfully taught over 200 children in Kindermusik for over ten years and was a music therapist at the Children's Home Society in Sioux Falls (a home for children that have experienced trauma).

Myra Katherine's "follow the child" philosophy has a proven track record for success, and her love of children has garnered relationships that have lasted the span of her career.

Myra Katherine will handle the day-to-day operations of the business and will work collaboratively with her business partner, Michael Pruss (a certified public accountant) to ensure that this business venture is a success. Hale and Pruss began a successful start-up

personal training business 3 ½ years ago, have zero business debt and have been in the green since its beginning. Hale has extensive experience using social media and will be utilizing Facebook and Instagram to minimize marketing costs.

Pearl Academy is an exciting opportunity that provides safe and secure child care to the Fremont, NE neighborhood. Pearl Academy will reach sustainable profitability within the first 12 months, with revenue reaching \$400,000. Through a combination of well-priced services, outstanding customer service, and a well-seasoned management team, Pearl Academy will quickly gain market share and a reputation as a premier child care provider.

Mission

It is the mission of Pearl Academy to provide a safe, nurturing and an opportunity-rich environment for our children and their families. We believe that a “good beginning never ends” and our commitment is to provide that good beginning through play-based learning that addresses whole-child development.

Keys to Success

Keys to success for the company will include:

1. Maintaining a reputable and untarnished reputation in the community.
2. Quality care.
3. Unique programs – Spanish Immersion, Music.
4. Competitive pricing.
5. Flexible hours.

Company Summary

Pear Academy is a start-up managed by two partners. Both have extensive experience in service industry and have maintained excellent reputations in the community. In addition, these two partners can handle the sales/management and finance/administration areas, respectively.

Company Ownership

This business is structured as an S-Corporation, owned by its founders.

Start-up Summary

The company founders, Hale and Pruss, will handle day-to-day operations of the business and will work collaboratively to ensure that this business venture is a success.

It is estimated that total start-up expenditures will be \$71,121. The start-up expenditures are to be financed LB840 Loan Fund. Total start-up expenditures are:

Working capital	\$ 34,420
Start-up assets	36,701
Total	\$ 71,121

Breakdown of these amounts are attached.

Services

Pearl Academy offers child care services for ages from 6-week infants to 10 years old. Hours of operation are from 5:30 A.M. to 6:30 P.M., Monday through Friday. With flexible hours to extend to 24 hours per day, seven days per week if families are in need.

Company Location and Facility

Pearl Academy will base its' operations at 1950 E 5th Street, Fremont, NE. The facility will originally consist of a 2,800 sq. ft. commercial center located in a quiet and convenient neighborhood. The outdoor play area will be fully fenced in, to ensure no one can either come in or wander away. The outdoor play area will be furnished with safe, entertaining playground equipment.

The indoor center will be an opportunity-rich environment used for education, care, music lessons, movement, and rainy-day activities and the serving and preparation of meals and snacks. The care center will also contain age-appropriate toys, games, and books with a focus on play-based learning.

We will commit to analyzing market needs and additional locations after a waiting list of at least 20 children is created at this location.

Market Analysis Summary

Pearl Academy is a business that has become necessary in Fremont's fast-paced expanding community. The area's population is increasing and the amount of families who have become dependent on two incomes continually growing, has created additional needs in the local child care industry. There are over 30 facilities in the area that provide child care services to, each of these has a differing size client base. There is no doubt that there is room in the market for a high-quality child care facility.

Market Segmentation

Pearl Academy has a focus on meeting the local need for child care services within the 25-mile radius of Fremont. Children are taken in flexibly on either a full-time or part-time basis.

Full-Time Working Couples

Pearl Academy wants to establish a significantly large full-time regular client base to establish a healthy, consistent revenue base to ensure stability of the business. Customer relations are extremely important, as it is imperative to keep the parents pleased to keep their children attending the Academy.

Part-Time Workers / Drop-Ins

Part-time workers and drop-ins comprise approximately 20% of revenues. While this market is not the primary focus, sufficient flexibility to handle this secondary market is important to producing supplemental revenues.

Target Market Segment Strategy

The target market for Pearl Academy is full-time working couples. Referral marketing is the key type of marketing strategy utilized. Maintaining and further enhancing its reputation in the community is crucial to gaining additional market share of this target market.

Market Needs

With inflation continuing to increase every year, it has become necessary for more families to rely on two incomes to survive. In turn, this increases the demand for child care facilities. We do not foresee this trend turning soon and intend to capture a share of this market.

Service Business Analysis

The child care business is lucrative, as mentioned before. As a result, there are many centers that provide quality care for children in the same area as Pearl Academy. The child care industry is split between large, commercially-run centers and smaller, locally-owned centers. Pearl Academy will compete with the small care centers, this is where the main competition lies. The

company is confident that this will be a successful venture because of the quality of its managers and the capability of its Care Staff.

Competition and Buying Patterns

There are over 30 child care providers in the local area. The larger commercial child care centers, such as Fremont Children Academy, have a majority of the market share. These larger chains compete well because of a good reputation among the consumer market. Pearl Academy will offer unique educational and music programs, which is appealing to most parents. Additionally, Pearl Academy will offer expanded flexible hours to service the families of the Fremont community.

Breakeven Analysis

The final section of our business plan is the breakeven analysis. In summary, the number of children/babies that will be needed to allow Pearl Academy to financial breakeven each month.

Month(s)	Children	Babies
1 to 3	11	1
4 to 6	19	2
7 to 12	20	3